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MEMORANDUM

TO: All Agencies
Payroll and Personnel Managers

FROM: D. Clark Partridge
State Comptroller

DATE: February 14, 2003

SUBJECT: Payroll Exempt Withholding

As a follow up to the 2002 Calendar Year-End-Payroll Meeting instructions and the Memorandum provided, the following information is furnished.

A W-4, which indicates an employee, is **"EXEMPT"** from paying Federal Income Taxes must be re-filed by January 31, 2003. The attached list of employees currently has an **"EXEMPT"** Federal Tax Withholding Method (2) status on the HRMS system. An **"EXEMPT"** filing status requires an annual certification renewal.

It is requested that the attached report is verified for correctness and that the employee's tax withholding method is changed, if required, to the proper Federal Tax Withholding based on their current withholding status. We request that each employee be contacted and given the opportunity to up-date their W-4 filing.

The Department of the Treasury, Internal Revenue Service, requires a new filing for an **"EXEMPT"** payroll tax deduction status as of February 17, 2003. The current exemption for 2002 expires February 16, 2003.

A tax-exempt employee must have a federal tax method code (2) to reflect the exemption status and an additional amount of zero on the HRMS system.

Employees that do not up-date their current Employee's Withholding Allowance Certificate **"EXEMPT"** filing status are subject to a withholding rate as a Single status taxpayer with no allowances.

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If you have any questions regarding the information contained in this memorandum, please contact Kjell Anderson at (602) 542-1674.

DCP:kea

Attachments

Form W-4 (2003).

Employee list.